

## Message Text

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EUR/IB:EROWEL

EB/IFD/ODF:RASWART

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FM SECSTATE WASHDC

TO AMEMBASSY MADRID

UNCLAS STATE 168011

E.O. 11652: N/A

TAGS: APUB, SP

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO SPAIN

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF \$11,250,000 TO EMPRESA NACIONAL DE ELECTRICIDAD, S.A. (ENDESA). RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, DC FOR AM PAPERS, WEDNESDAY, JULY 23, 1975.

QUOTE: EXIMBANK CREDIT OF \$11,250,000 SUPPORTS \$37.5 MILLION SALE OF STEAM GENERATORS AND RELATED EQUIPMENT TO SPAIN

TO HELP FINANCE A \$37.5 MILLION SALE OF THREE STEAM GENERATORS AND RELATED EQUIPMENT TO SPAIN, THE BOARD OF DIRECTORS OF THE EXPORT IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF \$11,250,000 TO EMPRESA NACIONAL DE ELECTRICIDAD, S.A. (ENDESA). THE GENERATORS WILL BE INSTALLED IN THE TERUEL COALFIRED POWER PLANT IN NORTH-CENTRAL SPAIN.

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ENDESA WAS ESTABLISHED IN 1944 AND IS PRIMARILY A WHOLESALER OF ELECTRIC POWER. EXIMBANK HAS FIVE LOANS AND A FINANCIAL GUARANTEE TO ENDESA SINCE 1958 FOR A TOTAL OF \$60.4 MILLION.

FOSTER WHEELER CORPORATION OF LIVINGSTON, NEW JERSEY, WILL BE THE PRINCIPAL SUPPLIER OF THE STEAM GENERATORS AND EQUIPMENT. WITH DOMESTIC ELECTRIC UTILITIES CURTAILING PLANT EXPANSION AND IN SOME CASES CANCELLING EARLIER ORDERS, MANUFACTURERS HAVE BEEN LOOKING TO EXPORT SALES TO MAINTAIN PLANT CAPACITY AND EMPLOYMENT. EXIMBANK CHAIRMAN WILLIAM J. CASEY POINTED OUT THAT EARLIER NEGOTIATIONS INDICATED THAT WITHOUT EXIMBANK FINANCING, FOSTER WHEELER MAY NOT HAVE RECEIVED THIS ORDER.

THE EXIMBANK CREDIT REPRESENTS 30 PERCENT OF THE TOTAL U.S. SALE. EXIMBANK IS ALSO PROVIDING A FINANCIAL GUARANTEE OF A CREDIT OF \$16,875,000 FROM PRIVATE EXPORT FUNDING CORPORATION OF NEW YORK, TO COVER 45 PERCENT OF THE U.S. COSTS. THE IRVING TRUST COMPANY OF NEW YORK, WILL PROVIDE \$5,625,000 WITHOUT EXIMBANK'S GUARANTEE, TO COVER 15 PERCENT AND ENDESA WILL MAKE CASH PAYMENT OF THE REMAINING 10 PERCENT.

INTEREST ON EXIMBANK'S LOAN WILL BE AT 8 PERCENT PER ANNUM. THIS RATE, COMBINED WITH THE ESTIMATED INTEREST FROM PRIVATE SOURCES BASED ON CURRENT RATES, WILL RESULT IN A BLENDED ANNUAL INTEREST COST TO ENDESA OF APPROXIMATELY 8.7 PERCENT.

THE LOANS ARE TO BE REPAID IN 16 SEMIANNUAL INSTALLMENTS BEGINNING OCTOBER 1, 1979, WITH EXIMBANK'S CREDIT TO BE REPAID OUT OF A PORTION OF THE 11TH INSTALLMENT AND ALL OF INSTALLMENTS 12 THROUGH 16. REPAYMENT OF ALL LOANS IS TO BE GUARANTEED BY INSTITUTO NACIONAL DE INDUSTRIA. UNQUOTE KISSINGER

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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PRESS RELEASE ON EXIMBANK CREDIT TO SPAIN FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-  
**TAGS:** APUB, SP  
**To:** MADRID  
**Type:** TE  
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